

**W-2 Contract and Implementation Committee  
Policy & Program Development Sub-Committee**

**Draft Date:** July 21, 2003

**Contact:** C&I Policy and Program Subcommittee

**Topic:** W-2 cash benefits for pregnant women in their 3<sup>rd</sup> trimester of pregnancy.

**Problem Description or Issue:** Women with no born children are not eligible for a W-2 cash payment. If financially and non-financially eligible for W-2, pregnant women may receive case management and support services but no cash payment. This policy may pose a hardship for women with problem pregnancies and/or those who cannot find or keep a job due to their advanced stage of pregnancy.

**Background:** Federal TANF law allows a cash benefit payment to pregnant women (with no born children) who are in their 3<sup>rd</sup> trimester of pregnancy. W-2, Wisconsin's TANF program, does not have a provision for this payment. Wisconsin's TANF plan, as well as the state statutes governing W-2, would need to be amended before this change could be implemented.

**Discussion:** According to CARES (WPFN screen), there are currently 65 individuals receiving CMP (case management pregnancy) services. Assuming a benefit level of \$673 per month, the annualized benefits cost for a caseload of this size is approximately \$524,940. However, we believe the take-up rate for this new benefit would be significantly higher. According to DWD figures, the January 2003 CMC (case management caretaker, i.e. the 12-week paid maternity leave) caseload was 1,365 individuals. Assuming a benefit level of \$673 per month, the annualized benefits cost for a caseload of this size is approximately \$2,755,935. The actual cost should fall somewhere in between those two figures. The Legislative Fiscal Bureau could be of assistance in performing a more stringent analysis of the potential fiscal impact, possibly by studying how many pregnant women were on AFDC during the 3<sup>rd</sup> trimester of pregnancy, or how many women with no born children are on Healthy Start Pregnancy MA.

We believe this benefit is important and should be a priority use of TANF funds. There is a potentially sizeable financial impact that must be further evaluated given the current state budget situation. We recommend this benefit be available for women with documented medical problems such as at-risk pregnancies, and those who would otherwise be eligible except that they don't already have children.

For medically fragile pregnancies, we suggest that participation be tied to doctor's recommendations. It would be expected that the participant would keep all doctor's appointments. In addition, the participant would be encouraged to further participate in Healthy Start, WIC, and other well-baby programs if possible to promote the best outcome for that family. For women with healthy pregnancies, standard participation requirements (with full agency ability to flexibly determine requirements not to exceed 40 hours per week) for W-2 would apply.

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**Alternatives/Solutions:**

Option #1 – do not change the current policy.

Pros – no change to current policy documents; no additional fiscal implication.

Cons – the lack of financial support may pose a hardship for women otherwise unable to provide for themselves and their unborn children.

Option #2 – change the current policy to allow otherwise eligible pregnant women (with no born children) in their third trimester of pregnancy to receive a W-2 cash payment. Pilot in a large urban county (not Milwaukee).

Pros – provides limited financial support for women who may not be able to get or keep jobs due to their pregnancies; brings an at-risk population in for services; improves maternal-child health. Pilot would give an idea of the need/demand/cost for this new benefit.

Cons – TANF clock will tick with each payment; policy change has a potentially large fiscal impact; policy change may increase the cash caseload. Pilot would not help women in balance of state.

Option #3 – change the current policy to allow otherwise eligible pregnant women (with no born children) in their third trimester of pregnancy to receive a W-2 cash payment. Implement statewide.

Pros – provides limited financial support for women who may not be able to get or keep jobs due to their pregnancies; brings an at-risk population in for services; improves maternal-child health.

Cons – TANF clock will tick with each payment; policy change has a potentially large fiscal impact; policy change may increase the cash caseload.

**Comments/Positions by External Partners:**

**Comments by Technical Reviewers:** (i.e., Legal Counsel, DOA, etc.)

**Recommendation to Secretary:**

Adopt option #3. Implement this new benefit only with additional W-2 agency contract dollars to offset increased costs. Recommend that DWD determine the impact of this new policy on federal TANF performance standards, and consider funding as a separate state MOE program if necessary.